

issuers will use the sale of put options to buy all the securities that are covered by their repurchase programs, FLEX Equity Options without position limits at least will provide issuers with an alternative. The inability of corporations to use the sale of exchange-traded equity put options on a significant scale relegates this activity to less transparent markets, such as offshore markets which do not come under Commission oversight.

Pursuant to Section 13(d) of the Act and the rules and regulations thereunder, the inclusion of any option position is required when reporting the beneficial ownership of more than 5% of any equity security.⁵ The integration of options and reporting requirements in the underlying security pursuant to Section 13(d) makes large option positions widely known and easily monitored by regulators and other market participants. In this light, FLEX Equity Options trading will have the transparency of any exchange-traded option transaction or position (open interest) plus the call market focus of liquidity inherent in the Request for Quote ("RFQ") process. Similar to Non-FLEX options, positions in FLEX options are required, pursuant to Exchange Rule 4.13, to be reported to the Exchange when an account establishes aggregate same-side of the market position of 200 or more FLEX option contracts.

The Exchange recognizes the theoretical possibility that a would-be manipulator could initiate a large FLEX Equity Option RFQ with no intention of actually trading. Such tactics, however, would be obvious to the Exchange surveillance staff as well as to the Commission, and could be handled under current Exchange rules.

2. Statutory Basis

The CBOE believes the proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it is designed to perfect the mechanisms of a free and open market and to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the proposed rule change will impose no burden on competition.

⁵ Pursuant to Rule 13d-3 under the Act, a person will be deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within sixty days, including the right to acquire through the exercise of any option.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. by order approve the proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-96-79 and should be submitted by February 7, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-1222 Filed 1-16-97; 8:45 am]

BILLING CODE 8010-01-M

⁶ 17 CFR 200.30-3(a)(12).

[Release No. 34-38163; File No. SR-ISCC-96-06]

January 13, 1997.

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Officer Titles

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on December 11, 1996, the International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by ISCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change modifies ISCC's rules and by-laws to create the new title of managing director.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ISCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. ISCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In order to conform with how ISCC and many firms in the industry operate, ISCC has created the new title of managing director. The purpose of the proposed rule change is to modify ISCC's rules and by-laws to accommodate the change in ISCC's internal management structure. Section 3.1 of the by-laws is amended to reflect the creation of the new position of managing director and also to permit ISCC to designate one or more vice presidents as senior vice presidents. The proposed rule change amends Section

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by ISCC.

3.5 of the by-laws to provide managing directors with the powers and duties formerly given to executive vice presidents. Sections 1.2 and 1.8 of the by-laws are amended to permit managing directors to call special shareholder meetings and to act as presiding officer at a shareholder meeting. Section 3.6 is amended to provide that in the event the President is unable to act, managing directors, executive vice presidents, and then vice presidents may assume such duties.

The proposed rule change also makes certain amendments to ISCC's rules. Rule 22 is amended to eliminate the ability of an executive vice president or vice president to suspend the rules and to permit the general counsel to exercise such authority. Rule 23 is amended to eliminate the ability of executive vice presidents to act on behalf of ISCC and to grant such authority to managing directors. Pursuant to Rule 33, the Board of Directors can now delegate the authority to prescribe procedures and regulations to managing directors rather than to executive vice presidents.

The proposed rule change is consistent with the requirements of Section 17A of the Act³ and the rules and regulations thereunder because it makes technical modifications to ISCC's rules and by-laws so that they coincide with ISCC's new internal management structure.

(B) Self-Regulatory Organization's Statement on Burden on Competition

ISCC does not believe that the proposed rule change will impact or impose a burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments have been solicited or received. ISCC will notify the Commission of any written comments received by ISCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁴ of the Act and pursuant to Rule 19b-4(e)(3)⁵ promulgated thereunder in that the proposed rule change is concerned solely with the administration of ISCC. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if

it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of ISCC.

All submissions should refer to File No. SR-ISCC-96-06 and should be submitted by February 7, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-1218 Filed 1-16-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38158; File No. SR-NYSE-96-34]

Self-Regulatory Organizations; Notice of Filing and Order Granting Partial Accelerated Approval of a Proposed Rule Change by the New York Stock Exchange, Inc. to Make Permanent the Near Neighbor, Capital Utilization and Rule 103A Pilot Programs for Measuring Specialist Performance and Adopt a New Specialist Performance Measure

January 10, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 3, 1996, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with

the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the portion of the proposal to make permanent the Near Neighbor, Capital Utilization, and Rule 103A pilot programs for measuring specialist performance.³

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of making permanent certain pilot programs for measuring specialist performance and adopting a new specialist performance measure. The three pilots are the Near Neighbor pilot, the Capital Utilization Data pilot, and the Rule 103A pilot.⁴ The Exchange also proposes to adopt a new performance measure, the "adjusted stabilization" rate measure.

³ In partially approving the NYSE proposal, the Commission is not approving, at this time, the portion of the proposal relating to implementing a new specialist performance measure, the "adjusted stabilization" rate. That portion of the proposal is being published for comment in this notice.

⁴ The Commission notes that the capital utilization and near neighbor measures currently are only used by the Allocation Committee in making specialist allocation decisions. The Commission initially approved the capital utilization program on a one-year pilot basis in Securities Exchange Act Release No. 33369 (December 22, 1993), 58 FR 69431 (December 30, 1993). The Commission approved a six-month extension of the pilot program in Securities Exchange Act Release No. 35175 (December 29, 1994), 60 FR 2167 (January 6, 1995) (extending pilot through June 30, 1995). The Commission approved two subsequent extensions of the pilot so that the Exchange and the Commission could evaluate the capital utilization, near neighbor, and Rule 103A programs concurrently. See Securities Exchange Act Release Nos. 35926 (June 30, 1995), 60 FR 35760 (July 11, 1995) (extending pilot through September 10, 1996) and 37668 (September 11, 1996), 61 FR 49371 (September 19, 1996) (extending pilot through January 10, 1997). The Commission approved the near neighbor program on a pilot basis in Securities Exchange Act Release No. 35927 (June 30, 1995), 60 FR 35927 (July 11, 1995) (pilot approved through September 10, 1996). The Commission approved an extension of the near neighbor pilot program, until January 10, 1997, in Securities Exchange Act Release No. 37668 (September 11, 1996), 61 FR 49371 (September 19, 1996). The Rule 103A pilot program was initially adopted in 1979. See Securities Exchange Act Release Nos. 15827 (May 15, 1979), 44 FR 100 (May 22, 1979). Since then, the program has been extended many times. The most recent extension continues the pilot until January 10, 1997. See Securities Exchange Act Release No. 37667 (September 11, 1996), 61 FR 49185 (September 18, 1996).

³ 15 U.S.C. 78q-1.

⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵ 17 CFR 240.19b-4(e)(3).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.